

Message Text

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ACTION EB-06

INFO OCT-01 EUR-12 EA-10 ISO-00 AEC-07 AID-05 CEA-01

CIAE-00 CIEP-02 COME-00 DODE-00 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-04 SP-02 SS-15 STR-04 TRSE-00 FRB-01 PA-02

PRS-01 USIA-15 /116 W

----- 109330

R 241735Z OCT 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 5882

INFO AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY ROME

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY TOKYO

AMEMBASSY OSLO

AMEMBASSY OTTAWA

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ENRG, GW

SUBJECT: REVISED FRG ENERGY POLICY

REF: A) BONN A-696, NOV. 16, 1973; B) BONN A-295;

1. ON OCTOBER 23, FRG ECONOMICS MINISTER FRIDERICH
RELEASED IN A PRESS CONFERENCE THE REVISED FRG ENERGY
PROGRAM WHICH THE FEDERAL CABINET HAD PASSED IN ITS
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MORNING SESSION. FRIDERICH STATED THAT THE REVISION

"TAKES INTO ACCOUNT THE CHANGED SITUATION IN THE NATIONAL AND INTERNATIONAL MARKETS WHICH HAS COME ABOUT IN THE COURSE AND AS A CONSEQUENCE OF THE EVENTS IN THE NEAR EAST." THE PROGRAM PLACES HEAVY EMPHASIS ON THE SECURITY OF ENERGY SUPPLY AND THE NEED FOR INTERNATIONAL COOPERATION BOTH AMONG CONSUMER NATIONS AND BETWEEN CONSUMERS AND PRODUCERS. BECAUSE OF LOWER ESTIMATES IN FUTURE GNP GROWTH RATES AND ENERGY SAVING MEASURES, THE PROGRAM PROJECTS A LEVEL OF ENERGY CONSUMPTION FOR 1985 WHICH IS 9 PER CENT LESS THAN IT HAD PROJECTED IN ITS 1973 PROGRAM. PRINCIPAL POINTS OF THE PROGRAM INCLUDE: REDUCTION OF THE SHARE OF OIL IN TOTAL GERMAN ENERGY CONSUMPTION; NEW POSSIBILITIES FOR GERMAN COAL; ENERGY CONSERVATION MEASURES; HIGHER PRIORITY TO ENERGY RESEARCH (ALSO NON-NUCLEAR); AND INCREASED EMERGENCY STOCKS.

2. THE REVISED ENERGY PROGRAM ESTABLISHES THE FOLLOWING TARGETS FOR 1985 AS "ORIENTATION AIDS FOR GOVERNMENT POLICY AND PRIVATE SECTOR DECISIONS." FIGURES IN PARANTHESES INDICATE THE TARGETS IN THE 1973 PROGRAM. TOTAL ENERGY REQUIREMENTS 555 (610) MILLION TONS OF HARD COAL UNITS; PETROLEUM 44 (54) PER CENT; HARD COAL 14 (8) PER CENT; LIGNITE 7 (6) PER CENT; NATURAL GAS 18 (15) PER CENT; NUCLEAR ENERGY 15 (15) PER CENT; OTHER ENERGY SOURCES 2 (2).

3. PETROLEUM WILL REMAIN THE PRIME ENERGY SOURCE BUT GERMAN DEPENDENCE ON IT IS TO BE REDUCED FROM 55 PER CENT TO 47 PER CENT IN 1980 AND TO 44 PER CENT IN 1985. THE ESTABLISHMENT OF THE NEW GERMAN NATIONAL OIL COMPANY THROUGH THE MERGER OF VEBA WITH GELSENBERG WILL BE ACCELERATED AND THE FOREIGN OIL EXPLORATION OPERATIONS OF DEMINEX WILL BE EXPANDED BY THE ADDITIONAL PROVISION OF FUNDS FROM THE FEDERAL BUDGET.

4. HARD COAL. IN CONTRAST TO THE 1973 PROGRAM, WHERE DOMESTIC HARD COAL PRODUCTION WAS TO BE REDUCED TO 83 MILLION TONS PER YEAR BY 1978, THE UNCLASSIFIED

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PRODUCTION POTENTIAL WILL NOW BE MAINTAINED AT 94 MILLION TONS PER YEAR. THIS WILL GIVE COAL A SHARE IN TOTAL FRG ENERGY REQUIREMENTS OF 14 PERCENT BY 1985, COMPARED WITH 17 PERCENT IN 1980 AND 22 PERCENT IN 1973. ABOUT 90 MILLION TONS OF COAL ARE EXPECTED TO BE CONSUMED AS FOLLOWS: 35 MILLION TONS FOR ELECTRIC POWER GENERATION, 25 BY IRON AND STEEL INDUSTRY, 11 BY HOUSEHOLDS AND OTHER CONSUMERS, AND

18 FOR EXPORTS. THESE EXPORTS WILL NO
LONGER BE SUBSIDIZED. THE DIFFERENCE OF 4 MILLION
TONS BETWEEN PRODUCTION CAPACITY AND EXPECTED SALES
WILL SERVE AS A RESERVE. BY 1980, ABOUT 10 NEW HARD
COAL POWER GENERATING PLANTS ARE PLANNED TO BE BUILT.

5. NATURAL GAS NOW RANKS THIRD AMONG FRG ENERGY
SOURCES WITH A SHARE OF 10 PERCENT. BY 1980, IT WILL
SURPASS COAL TO RANK IN SECOND PLACE WITH 18 PERCENT

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FM AMEMBASSY BONN

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INFO AMEMBASSY COPENHAGEN

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AND WILL MAINTAIN THIS PERCENTAGE THROUGH 1985. THE MAIN SUPPLIER OF NATURAL GAS IS THE NETHERLANDS. SUPPLY CONTRACTS HAVE BEEN SIGNED WITH THE SOVIET UNION AND NORWAY AND NEGOTIATIONS ARE UNDERWAY WITH ALGERIA AND IRAN. BY 1980 ABOUT 11 PERCENT OF FRG NATURAL GAS REQUIREMENTS ARE TO COME FROM THE SOVIET UNION AND ALMOST 40 BILLION CUBIC METERS WILL THEN
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HAVE THEIR ORIGIN IN THE SOVIET UNION,
NORWAY, ALGERIA AND IRAN.

6. NUCLEAR ENERGY AS A PERCENT OF TOTAL GERMAN ENERGY CONSUMPTION IS EXPECTED TO GROW FROM 1 PERCENT IN 1973 TO 9 PERCENT IN 1980 AND TO 15 PERCENT IN 1985. IN ORDER TO REACH THIS TARGET, THE INSTALLATION OF A NUCLEAR POWER PLANT CAPACITY OF 45,000 MW BY 1985 WILL BE NECESSARY. BY 1985 NEARLY 45 PERCENT OF GERMAN POWER SUPPLIES ARE TO BE GENERATED BY NUCLEAR ENERGY.

7. SPECIAL IMPORTANCE WILL BE GIVEN TO PETROLEUM STOCKPILING. A DRAFT LAW RAISING MANDATORY STOCKS FOR CRUDE OIL COMPANIES, DEPENDENT IMPORTERS AND FREE IMPORTERS IS EXPECTED TO BE ENACTED BEFORE THE END OF THE YEAR. IN THIS YEAR, THE FRG WILL START STORING GOVERNMENT-OWNED PETROLEUM STOCKS OF AROUND 4 MILLION TONS IN OWN CAVERNS. STORAGE CAPACITIES OF AROUND 6 MILLION TONS WILL BE RENTED TO THE INDUSTRY FOR THEIR OWN PURPOSES.

8. THE ENERGY PROGRAM WILL BE SUPPLEMENTED THROUGH SPECIFIC RESEARCH MEASURES OF WHICH NUCLEAR ENERGY WILL HAVE TOP PRIORITY, BUT WHICH WILL INCLUDE ALSO PROJECTS COAL GASIFICATION AND COAL LIQUIFACTION. BEYOND THAT THE FEDERAL GOVERNMENT IS CONSIDERING LEGISLATION TO REQUIRE IMPROVED INSULATION IN PRIVATE HOMES AND OFFICE BUILDINGS.

9. THE EMBASSY WILL SUBMIT THE COMPLETE TEXT OF THE REVISED ENERGY PROGRAM AFTER COMPLETION OF THE TRANSLATION.
HILLENBRAND

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Message Attributes

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